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**EDUCATION DECENTRALIZATION IN
PERU REVISITED**

Final Report

November 2002

Prepared for:

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Washington, DC 20015

Basic Education and Policy Support (BEPS) Activity

US Agency for International Development

Contract No. HNE-I-00-00-00038-00

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BACKGROUND

Education decentralization has been frequently discussed and debated in Peru, with almost no impact on public education policy. It is now once again being debated, this time in the context of legislation to transfer responsibilities and revenues to newly elected regional governments and to increase the responsibilities of already existing municipal governments. While political decentralization has already occurred, with the election of governors and mayors, the decentralization of revenues and responsibilities is yet to be defined. To date, the education sector has been a relatively passive actor in the decentralization debate. This behavior promises to change as the time nears to make the policy decisions that will touch the lives of teachers, education ministry civil servants, and parents and students.

The debate about how to organize the finance and delivery of K-12 education in Peru occurs in the context of (a) a *de facto* administrative decentralization, (b) a *de facto* privatization of education finance, (c) a relatively strong parent and community involvement in education at the local level, and (d) the notable absence of a medium- or long-term vision and plan for Peruvian education.

Currently, the administration of education is *de facto* deconcentrated to the regional offices of the education ministry, with the central government's Ministry of Education (MOE) largely responsible for the day-to-day management of only the Lima-Callao region. (As early as 1993, about 53% of the total K-12 budget was managed at the regional level.) This situation is attributable in part to the radical downsizing of the central MOE that occurred early in the Fujimori administration. The Ministry also has a number of national level responsibilities with respect to curriculum development, student assessment, teacher certification, etc.

K-12 education finance is, also, *de facto* decentralized and privatized. Relative to other Latin American countries, government finance of education is small as a percent of GDP, although it has increased in recent years. (Education finance reached its low point in the early 1990s, with government finance representing about 2.2% of GDP.) The failure of government to adequately finance education has resulted in parents financing a significant share of total education spending, both in terms of direct purchases of textbooks, transportation, and other schooling inputs and in terms of "voluntary" financial contributions to schools via parent-teacher associations called APAFAs. These financial contributions typically take the form of an agreed-upon school fee that all families, excepting that which are financially destitute, should pay to the APAFA. One result of the relatively high degree of private education finance in Peru is high inequality

in total education spending, since schools serving richer households have higher APAFA fees than do schools serving poorer households.

One result of parental financial contributions to schools is a relatively high degree of involvement of parents in the schools, especially via the APAFA. In a number of schools, the APAFA has an office adjacent to that of the school principal, and school budget decisions are often made between the principal and the APAFA board. The tradition of parental involvement in school budget decisions should contribute to a relatively easy transition to decentralized education wherein elected school councils have the legal responsibility and authority to work with school principals in making education decisions.

The *de facto* decentralization of education at the school level that one observes in Peru today is not the result of an explicit policy decision made by the MOE. Indeed, the MOE has been characterized in recent decades by the failure to formulate and gain broad consensus on a vision and medium-term development plan for education. A significant effort was made towards this end in the mid-1990s in the context of preparing a World Bank financed primary education project, but a change of minister resulted in it being ignored and forgotten. Indeed, the very frequent changes (on average, every 9 months) of education minister in Peru over the last two decades has prevented the creation of any sustained education policy effort. One of the enigmas of Peruvian education is how it has achieved higher than expected (given its per capita GDP) enrollment rates in the face of such institutional weakness. The failure by government to enunciate and gain consensus around education development has resulted in civil society taking the initiative to do this outside government, but also without any great success. The two most important civil society organizations involved in education policy have been the *Foro Educativo* (Education Forum) and the *Instituto Peruano de Administración de Empresas*—IPAE (Peruvian Institute of Business Administration), which sponsors a high-level annual conference to promote a dialogue between private enterprise and government on education policy.

DECENTRALIZATION

Fulfilling a campaign promise of President Toledo, the Peruvian Congress earlier this year, 2002, approved the *Ley de Bases de la Descentralización* (Decentralization Base Law), which called for elections of regional governors and for the transfer of responsibilities and revenues to both regional and municipal governments. This new law is more a political statement than it is a recipe for decentralization. In particular, (a) the law fails to clearly define the new functions of the national, regional, and municipal governments; (b) the law fails to assign new revenue sources to subnational governments and, thus, ensures a high degree of fiscal dependence by them on the national government; (c) transfers of funds (mainly for investment via the *Fondo Intergubernamental para la Descentralización*, Intergovernmental Fund for Decentralization) to the regional governments are only partly matched with responsibilities in service delivery; (d) no clear rules are stated for the management of

funds; and (e) the law does not clearly define the sequence of administrative decentralization.

The *Ley de Bases de la Descentralización* provides the framework for additional legislation, that will more clearly define functions and responsibilities. This additional legislation includes the following new laws: *Ley de Regiones*, *Ley de Municipios*, and *Ley Marco de Educación* (Regional Law, Municipal Law, and Educational Framework Law, respectively). Drafts of these laws are currently being debated in Congress, but if past history is any guide, the resulting laws are likely to do little more than set out broad guidelines for decentralization. Also, given the experience of other countries, the job of drafting the implementing regulations for the *Ley Marco de Educación* is likely to fall to the Ministry of Education, so the views of MOE on decentralization are very important.

The ambiguity and uncertainty regarding education decentralization is a window of opportunity for the education sector to set out its own views on the issue. In doing so, it should become the advocate for a decentralization model which helps promote both quality and equity in education. The research literature has generally found the decentralization model that empowers teachers and parents to diagnose their school's situation prepares a school development plan to remedy school problems, and allocates resources in a manner consistent with such a plan by offering the greatest potential for raising quality. The risk with the type of government decentralization being discussed in Peru is that top-down, hierarchical decision-making at the central government level is simply replaced by the same type of decision making at the regional or municipal levels. One way to reduce this risk is to (a) demonstrate the feasibility and the benefits of a school based management/autonomous schools model and (b) implement such a model as quickly as possible such that when decentralization to subnational governments does occur, it will be difficult to recentralize power into the new education bureaucracies.

EDUCATION POLICY

As noted above, Peru has a history of frequent changes of the education minister, which has prevented it from developing and implementing an education reform agenda. However, recently a *Consejo Nacional de Educación* (National Council of Education) was created by law precisely for the purpose of providing a civil society medium-term vision for Peruvian education. In terms of membership, there is a significant overlap between the Consejo and the Foro Educativo, an education NGO that has over the past two decades tried to fill the education policy formulation vacuum in Peru. Indeed, the former President of the Foro is now the President of the Consejo.

The Consejo is still in its formative stages. It has a large number of members, who are divided into four main working groups. The working group on decentralization is chaired by Hugo Díaz. At present, the Consejo's budget is included in that of the MOE, but future legislation is expected to give it greater autonomy from the Ministry.

The Consejo may be immature and imperfect, but it represents the best chance for education reform in Peru in a long time. To realize its potential it needs to establish

credibility, which will come about in part by basing its opinions on a solid research basis. Research which is defined, contracted and monitored by the Consejo will also help create consensus among its disparate members. The Consejo also needs to create a communications strategy. Past decentralization initiatives of the MOE have failed in part due to the lack of a well-thought out strategy to communicate initiatives with the public. The Consejo needs to avoid this error if it is to be effective.

PLAN OF ACTION

Given the Peruvian historical, political, and educational context, good arguments can be made for external donors to support (a) decentralization of education and (b) institutional strengthening of the *Consejo Nacional de Educación*. Now can be viewed as a rare window of opportunity to both. First, the current decentralization movement in Peru is likely to lead to the decentralization of education no matter what the perspective of the education sector. However, the education sector needs to be proactive in stating its views to ensure that education decentralization is best designed to improve the quality of instruction and equality of educational opportunity. One constraint in enunciating such views is the lack of experience with decentralized, or autonomous schools in Peru. External donors could help fill this vacuum by financing a first phase of decentralized education targeted on those geographic areas most likely to be successful in its implementation.

Second, the creation of the Consejo represents an opportunity to create a national vision for Peruvian education. However, to realize this opportunity will require that the Consejo quickly develop the technical capacity to provide the needed underpinning for its education policy views and pronouncements. External donors could help develop this capacity in numerous ways, including providing financing to strengthen the Consejo, financing international study tours to learn from the experiences of other countries, and supporting the development of a communications strategy to create national consensus in support of Consejo policy recommendations.

Finally, with respect to decentralization, external donor support could help link Consejo members to school-based decentralization initiatives by giving the Consejo a role in monitoring, and possibly evaluating, those initiatives. Also, in this way, a first phase of decentralization might have significant impact both on the views of board members and ultimately on the policy pronouncements and recommendations of the Consejo.

TERMS OF REFERENCE: ASSESSMENT OF EDUCATION DECENTRALIZATION

Background.

Peru has entered what promises to be a long process of political, fiscal and education decentralization. The basic law has already been approved by Congress, and elections were held for regional governors and municipal mayors. However, the important questions concerning which responsibilities and revenue sources are devolved to subnational governments remain to be resolved. Pending legislation will go part of the way towards further defining decentralization. While it is anticipated that education will be one of the last services to be devolved, the new political dynamics of Peru may lead to a different timetable.

Objective of the Task.

The objective of this activity is to arrive at a set of recommendations for actions—Government policies and external donor assistance--to facilitate the appropriate design and implementation of education decentralization in Peru, taking into account the Peruvian context and recent adopted and proposed legal changes in the finance and delivery of public education (K-12).

Activities.

The consultant will examine the recent approved and pending decentralization legislation and determine the implications for education decentralization. Special attention will be paid to the options for financing K-12 education in a decentralized system. In addition, the consultant will assess current proposals for the division of education functions by level of government and recommend how these proposals might be implemented consistent with best practice in education decentralization. The consultant will also assess capacity at the regional, municipal and school levels for managing education and suggest options for strengthening regional and municipal capacity. Finally, the consultant will recommend an implementation strategy for decentralizing education and recommend how external donor assistance might leverage the largest positive impact on the implementation of education decentralization.